

**Internal Revenue Service**

**Department of the Treasury**

District  
Director

C-70726  
P.O. Box 1580, GPO Brooklyn, N.Y. 11212

Date: JUN 24 1986

Person to Contact:

Contact Telephone Number:

Refer Reply to:

CERTIFIED MAIL

Dear Applicant:

We have considered your application for recognition of exemption under section 501(c)(6) of the Internal Revenue Code.

The evidence presented disclosed that your organization was formed on [REDACTED] in [REDACTED].

The By-Laws which are your organizing document state that your purpose is to inform and educate people using [REDACTED] systems in the areas of techniques, applications, software system management and training. An additional purpose is to promote communications between [REDACTED] and the user group for product and services information and for new product ideas and enhancement.

The activities of your organization consist of the preparation of a news article which is included as part of a newsletter published by the manufacturer, [REDACTED]. The news article publicizes the activities of [REDACTED] User. Another activity of your organization is the establishment of [REDACTED] user groups which are called special interest groups (SIGS). These SIGS find additional uses for the manufacturer's equipment and share this information with interested members.

Section 1.501(c)(6)-1 of the Income Tax Regulations defines a business league as an association of persons having some common business interest, the purpose of which is to promote such common interest. Its activities should be directed towards the improvement of business conditions in one or more lines of business as distinguished from the performance of particular services for individual persons.

In Revenue Ruling 68-182, 1968-1 C.B. 263 it is held that organizations promoting a single brand or product within a line of business do not qualify for exemption from Federal income tax under section 501(c)(6) of the Code.

An IRC 501(c)(6) organization's primary activity cannot be performing particular services for members.

since your organization is similar to the organization described in Revenue Ruling 68-182 in that it promotes a single brand or product and since your organization's primary activity appears to be performing particular services for members in that they are the only ones who benefit from the activities of your organization, your organization does not qualify for exempt status under 501(c)(6) of the Code.

Accordingly, we conclude that you do not meet the requirements for exempt status under section 501(c)(6) of the code and propose to deny your request for exemption under that section.

We have also determined that you fail to qualify for exempt status under any other subsection of IRC 501(c).

You are required to file a taxable return Form 1120 or 1041 with the District Director of Internal Revenue Service. Please send the return to the Internal Revenue Service, P.O. Box 1680, General Post Office, Brooklyn, NY 11202.

If you do not agree with this determination, you may protest in accordance with the enclosed instructions within 30 days.

Protests submitted which do not contain all the documentation stated in the instructions will be returned for completions.

If we do not hear from you within that time, this determination will become final.

Sincerely yours,

TS/ 

District Director ,

Enclosure: Publication 892